CLAIMS

What is claimed is:

1. A method of monetizing a first contract to supply a commodity from a supplier to a recipient, comprising:

transferring the first contract to a first entity;

revising the first contract such that the first entity may provide the commodity to the recipient from sources other than specified in the first contract;

establishing a second contract to supply the commodity from a second entity to the first entity, wherein the price of the commodity in the second contract is less than the price of the commodity in the revised first contract; and

guaranteeing, by a third-party guarantor, payment obligations of the first entity to the recipient arising out of the revised first contract.

2. The method of claim 1, wherein the third-party guarantor's guaranty of the payment obligations of the first entity is capped by a maximum liability limitation amount.

3. The method of claim 1, wherein the first entity is owned by the supplier.

4. The method of claim 1, further comprising:

offering debt securities from the first entity; and

paying, from the first entity to the supplier, with proceeds from the offering.

5. The method of claim 4, further comprising paying principal and interest on the debt securities from the first entity to holders of the debt securities.

6. The method of claim 5, wherein a debt service coverage ratio of the debt securities is between 1.00 and 1.01.

7. The method of claim 5, further comprising sufficiently funding a reserve account of the first entity such that the first entity can pay the principal and interest on the debt securities in the event of a force majeure of at least six months.

8. The method of claim 5, further comprising establishing an administrative services agreement between the first entity and an administrative agent.

9. The method of claim 5, further comprising establishing the first entity as a subsidiary of the supplier.

10. The method of claim 9, wherein the second entity is a subsidiary of the third-party guarantor.

11. The method of claim 4, wherein the debt securities include senior secured notes.

12. The method of claim 4, wherein the debt securities include subordinated notes.

13. The method of claim 1, further comprising the third-party guarantor guarantying payment obligations of the second entity to the first entity arising out of the second contract.

14. The method of claim 1, wherein revising the first contract includes revising the first contract such that the revised first contract obligates the recipient to pay a fixed price for to the first entity for capacity to supply the commodity and obligates the recipient to pay an index-based price for the commodity.

15. A method of monetizing a first contract to supply power from a qualifying facility owned by a first power company to a power distributor, comprising:

transferring the first contract from the power company to a first business entity;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility;

establishing a second contract to supply power between a power supplier and the first business entity; and

guaranteeing, by a third-party guarantor, payment obligations of the of the first business entity to the power distributor arising out of the revised first contract.

16. The method of claim 15, wherein quantity and capacity terms of the second contract are similar to the revised first contract.

17. The method of claim 15, wherein the third-party guarantor's guaranty of the payment obligations of the first entity is capped by a maximum liability limitation amount.

18. The method of claim 15, wherein the first business entity is owned by the power company.

19. The method of claim 15, further comprising:

offering debt securities by the first business entity; and

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities.

20. The method of claim 19, wherein the debt securities include senior secured notes.

21. The method of claim 19, wherein the debt securities include subordinated notes.

22. The method of claim 19, further comprising paying to holders of the debt securities principal and interest on the debt securities from the first business entity with from proceeds from the first revised contract.

23. The method of claim 22, wherein a debt service coverage ratio of the debt securities is between 1.00 and 1.01.

24. The method of claim 22, further comprising establishing an administrative services agreement between the first business entity and an administrative agent.

25. The method of claim 22, further comprising sufficiently funding a reserve account of the first entity such that the first entity can pay the principal and interest on the debt securities in the event of a force majeure of at least six months.

26. The method of claim 22, wherein the power distributor is a government agency for managing the power procurement for a governmental entity.

27. The method of claim 26, further comprising the power distributor offering debt securities, wherein the power distributor is obligated to pay the first business entity for power under the revised first contract prior to servicing the debt securities offered by the power distributor.

28. The method of claim 26, wherein the power distributor is obligated to pay the first business entity for power under the revised first contract prior to servicing the debt securities offered by the power distributor.

29. The method of claim 26, wherein the power distributor is a government agency for managing the power procurement for a state of the United States.

30. The method of claim 29, wherein the power distributor is the California Department of Water Resources.

31. The method of claim 22, further comprising establishing the first business entity as a subsidiary of the power company.

32. The method of claim 31, wherein the power supplier is a subsidiary of the third-party guarantor.

33. The method of claim 22, wherein the price for the power under the revised first contract is greater than the price for the power under the second contract.

34. The method of claim 33, wherein paying the principal and interest on the debt securities includes paying the principal and interest on the debt securities from excess revenue of the first business entity due to the price difference of the power between the revised first contract and the second contract.

35. The method of claim 15, further comprising the third-party guarantor guarantying payment obligations of the power supplier to the first entity arising out of the second contract.

36. The method of claim 15, wherein revising the first contract includes revising the first contract such that the revised first contract obligates the power distributor to pay a fixed price for to the first entity for capacity to supply the power and obligates the recipient to pay an index-based price for the power.

37. The method of claim 15, wherein establishing the second contract includes providing a liquidated damages clause in the second contract obligating the power supplier to pay liquidated damages to the first entity under certain specified conditions in the second contract, and further comprising a third-party guarantor guarantying payment obligations of the power supplier under the second contract, including the liquidated damages.

38. A method of monetizing a first contract to supply power from a qualifying facility owned by a first power company to a power distributor, comprising:

transferring the first contract from the power company to a first business entity;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility and such that the revised first contract obligates the power distributor to pay a fixed price for to the first entity for capacity to supply the power and obligates the recipient to pay an index-based price for the power;

establishing a second contract to supply power between a power supplier and the first business entity, wherein the quantity and capacity terms of the second contract are similar to the revised first contract.

39. The method of claim 38, wherein the price for the power under the revised first contract is greater than the price for the power under the second contract.

40. The method of claim 39, further comprising:

offering debt securities by the first business entity; and

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities.

41. The method of claim 40, wherein the debt securities include senior secured notes.

42. The method of claim 40, wherein the debt securities include subordinated notes.

43. The method of claim 38, wherein the first business entity is owned by the power company.

44. The method of claim 40, further comprising sufficiently funding a reserve account of the first entity such that the first entity can pay the principal and interest on the debt securities in the event of a force majeure of at least six months.

45. The method of claim 38, wherein the power distributor is obligated to pay the first business entity for power under the revised first contract prior to servicing debt securities offered by the power distributor.

46. The method of claim 40, further comprising a third-party guarantor guarantying payment obligations of the power supplier to the first entity arising out of the second contract.

47. The method of claim 38, wherein establishing the second contract includes providing a liquidated damages clause in the second contract obligating the power supplier to pay liquidated damages to the first entity under certain specified conditions in the second

contract, and further comprising a third-party guarantor guarantying payment obligations of the power supplier under the second contract, including the liquidated damages.

48. A method of monetizing a first contract to supply power from a qualifying facility owned by a first power company to a power distributor, comprising:

transferring the first contract from the power company to a first business entity;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility;

establishing a second contract to supply power between a power supplier and the first business entity, wherein the quantity and capacity terms of the second contract are similar to the revised first contract;

offering debt securities by the first business entity;

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities; and

sufficiently funding a reserve account of the first entity such that the first entity can pay the principal and interest on the debt securities in the event of a force majeure of at least six months.

49. The method of claim 48, wherein the debt securities include senior secured notes.

50. The method of claim 48, wherein the debt securities include subordinated notes.

51. The method of claim 48, wherein establishing the second contract includes providing a liquidated damages clause in the second contract obligating the power supplier to pay liquidated damages to the first entity under certain specified conditions in the second contract, and further comprising a third-party guarantor guarantying payment obligations of the power supplier under the second contract, including the liquidated damages.

52. A method, comprising:

determining a prospective price of energy and energy capacity to be supplied from a qualifying facility to a power distributor under a first contract between a power company that owns the qualifying facility and the power distributor;

transferring the first contract from the power company to a first business entity;

revising the first contract such that the first business entity may provide energy and energy capacity to the power distributor from sources other than the qualifying facility and such that the power distributor is to pay the first business entity the prospective price for the energy and energy capacity supplied to the power distributor by the first business entity under the revised first contract;

establishing a second contract to supply power between a power supplier and the first business entity;

monetizing a difference between the price of the energy and energy capacity of the second contract and the determined prospective price of the energy and energy capacity of the revised first contract.

53. The method of claim 52, further comprising guaranteeing, by a third-party guarantor, payment obligations of the of the first business entity to the power distributor arising out of the revised first contract.

54. The method of claim 52, wherein:

determining the prospective price includes determining a prospective fixed price component and variable price component;

revising the first contract includes revising the first contract such that the power distributor is to pay the first business entity the prospective fixed price component and the variable price component for the energy and energy capacity supplied to the power distributor by the first business entity under the revised first contract; and

monetizing the difference includes monetizing the difference between the price of the energy and energy capacity of the second contract and only the determined prospective fixed price component of the revised first contract.

55. A method, comprising:

transferring a first contract from a power company to a first business entity, wherein the first contract obligates the power company to supply power from a qualifying facility owned by the power company to a power distributor;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility, and such that the power distributor is obligated to pay the first business entity an index-based price plus a margin for power supplied under the revised first contract to the power distributor;

establishing a second contract to supply power between a power supplier and the first business entity; and

monetizing the margin.

56. The method of claim 55, wherein monetizing the margin includes:

offering debt securities by the first business entity; and

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities.

57. The method of claim 55, further comprising a third party guarantor guarantying payment obligations of the first business entity under the revised first contract.

58. The method of claim 57, further comprising the third party guarantor guarantying payment obligations of the power supplier under the second contract.

59. A method, comprising:

transferring a first contract from a power company to a first business entity, wherein the first contract obligates the power company to supply power from a qualifying facility owned by the power company to a power distributor, and wherein the first contract allows the power distributor to terminate the first contract if less than a threshold amount of the required power under the first contract is not supplied within a specified time frame;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility; and

establishing a second contract to supply power between a power supplier and the first business entity, wherein the second contract obligates the power supplier to pay liquidated damages when the threshold amount of required power is not supplied by the power supplier over the specified time frame.

60. The method of claim 59, further comprising:

offering debt securities by the first business entity; and

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities.

61. The method of claim 59, further comprising a third party guarantor guarantying payment obligations of the first business entity under the revised first contract.

62. The method of claim 61, further comprising the third party guarantor guarantying payment obligations of the power supplier under the second contract.

63. A method, comprising:

transferring a first contract from a power company to a first business entity, wherein the first contract obligates the power company to supply power from a qualifying facility owned by the power company to a power distributor, and wherein the first contract contains no force majeure makeup provisions;

revising the first contract such that the first business entity may provide power to the power distributor from sources other than the qualifying facility;

establishing a second contract to supply power between a power supplier and the first business entity;

offering debt securities by the first business entity;

paying, by the first business entity to the power company, for transfer of the first contract with proceeds from the offering of the debt securities; and

sufficiently funding a reserve account of the first business entity to include funds to cover the debt service on the debt securities for a predetermined time period.

64. The method of claim 63, wherein the predetermined time period is at least six months.

65. The method of claim 63, further comprising a third party guarantor guarantying payment obligations of the first business entity under the revised first contract.

66. The method of claim 65, further comprising the third party guarantor guarantying payment obligations of the power supplier under the second contract.